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Algeria	6.00	Dr. Israel	15.15	Germany	6.00	N.S.
Amman	7.75	Italy	12.00	Lebanon	6.00	N.S.
Bahia	6.00	Japan	10.00	Libya	6.00	N.S.
Beirut	6.00	Korea	10.00	Morocco	6.00	N.S.
Bombay	6.00	Malaysia	10.00	Oman	6.00	N.S.
Brussels	6.00	Mexico	10.00	Pakistan	6.00	N.S.
Cairo	6.00	Netherlands	10.00	Peru	6.00	N.S.
Damascus	6.00	Norway	10.00	Poland	6.00	N.S.
Dhaka	6.00	Qatar	10.00	Portugal	6.00	N.S.
Hong Kong	6.00	Romania	10.00	Spain	6.00	N.S.
London	6.00	Saudi Arabia	10.00	Sweden	6.00	N.S.
Los Angeles	6.00	Sri Lanka	10.00	Switzerland	6.00	N.S.
Manila	6.00	Taiwan	10.00	Thailand	6.00	N.S.
Medan	6.00	Tanzania	10.00	Turkey	6.00	N.S.
Moscow	6.00	Tunisia	10.00	U.S.A.	6.00	N.S.
Mumbai	6.00	Uganda	10.00	U.S.A. (E)	6.00	N.S.
Nairobi	6.00	U.S.A. (W)	10.00	U.S.A. (M)	6.00	N.S.
Paris	6.00	U.S.A. (S)	10.00	U.S.A. (N)	6.00	N.S.
Rangoon	6.00	U.S.A. (C)	10.00	U.S.A. (E)	6.00	N.S.
Reykjavik	6.00	U.S.A. (W)	10.00	U.S.A. (M)	6.00	N.S.
Riyadh	6.00	U.S.A. (S)	10.00	U.S.A. (N)	6.00	N.S.
Singapore	6.00	U.S.A. (C)	10.00	U.S.A. (E)	6.00	N.S.
Sofia	6.00	U.S.A. (W)	10.00	U.S.A. (M)	6.00	N.S.
Tel Aviv	6.00	U.S.A. (S)	10.00	U.S.A. (N)	6.00	N.S.
Tokyo	6.00	U.S.A. (C)	10.00	U.S.A. (E)	6.00	N.S.
Washington	6.00	U.S.A. (W)	10.00	U.S.A. (M)	6.00	N.S.
Zurich	6.00	U.S.A. (S)	10.00	U.S.A. (N)	6.00	N.S.

Assad and Gemayel Confer in Damascus

DAMASCUS — Presidents Hafez al-Assad of Syria and Amin Gemayel of Lebanon met twice here Wednesday, and diplomats said the discussions centered on how Lebanon would go about breaking its troop withdrawal agreement with Israel.

The talks were also attended by the Syrian prime minister, Abdul al-Kassim, the two countries' foreign ministers and other officials.

Diplomatic sources described meetings as the start of a thaw between the two governments. Mr. Gemayel received a warm welcome from Mr. Assad and other Syrian officials when he arrived in a chartered Swiss plane.

In West Beirut, meanwhile, a car bomb exploded Wednesday while rival militias bombarded residential areas of the city.

At least one person was killed and 20 wounded by the car bomb, which blew up between two apartment blocks, state-run Beirut radio said.

It was the first car bomb to explode in Beirut since Moslem militia drove Lebanese Army units out of the city in September 1982.

The Syrian-Lebanese talks, diplomats speculated that abrogation of the agreement with Israel, last May, could be an end in Damascus or at least a national reconciliation talks involving Lebanon's actions.

and its Lebanese allies demanded that the accord be broken, saying it jeopardized Syrian security. Lebanon's sovereignty, and legitimized Israeli gains from its June 1982 invasion.

Mr. Gemayel, a Christian, is under strong pressure from his country's rightist Christian factions not to break the agreement. But following a series of Moslem military victories and the withdrawal of U.S., British and Italian forces from Beirut, he has been forced to make concessions to Syria and its allies.

The meeting with Mr. Assad followed months of negotiations by Saudi mediators shuttling between Beirut and Damascus. It marks Lebanon's leader's first visit to Syria since he took office in September 1982.

He was scheduled a visit to Da-

mascus last November, but the trip was postponed at the last minute after Mr. Assad was reported ill.

The diplomatic sources noted that Syria had not pressed for Mr. Gemayel's resignation.

They said withdrawal of Syrian and Israeli troops — still a major barrier to a political settlement — could also be a major topic of discussion, but they doubted any quick agreement would emerge.

Syria insists it will not pull out its troops, which it maintains went in at the request of the Lebanese government to help restore order during fighting in 1976, until Israel makes a complete withdrawal from Lebanon.

Weinberger Comments

U.S. Defense Secretary Caspar Weinberger said Wednesday that if a cease-fire emerges from Mr. Gemayel's visit to Damascus, it may present an opportunity to negotiate a withdrawal of Syrian and Israeli troops even if the U.S.-sponsored troop withdrawal accord is broken.

The Washington Post reported.

Mr. Weinberger said that if "anybody can arrange a withdrawal agreement, it would start a broader peace process."

While visiting U.S. marines and other servicemen aboard the helicopter carrier USS Guam, off the Lebanese coast, Mr. Weinberger said that withdrawal of foreign forces was essential to reconciliation of Lebanon's factions.

UN Force Vote Delayed

The Security Council failed again Tuesday to vote on a French proposal to establish an international force for Beirut, The New York Times reported from the United Nations.

Diplomats leaving the Security Council after closed-door informal consultations said that a vote had been delayed by Soviet objections to wording in the French proposal, which calls on all foreign forces to leave Lebanon.

The Russians, whose Syrian allies occupy most of northern and eastern Lebanon, have all along opposed any blanket requirement that all foreign forces leave the country. Thus, various drafts of the original French proposal have dealt with that issue in different ways, some mentioning only Israeli troops in Lebanon by name, others referring to all foreign forces.



Hafez al-Assad of Syria greeting Amin Gemayel of Lebanon in Damascus on Wednesday.

UNESCO to Allow Probe by Congress In Face of U.S. Threat to Withdraw

By Paul Lewis

PARIS — The director-general of UNESCO, Amadou Mahtar M'Bow, has agreed to a U.S. congressional investigation into his organization, which the Reagan administration is threatening to leave unless it becomes less political and anti-Western.

Agreement to the investigation, known officially as a "review," came in an exchange of letters last weekend between Mr. M'Bow and Representative James Scheuer, Democrat of New York, according to Dileep Padgaonkar, deputy director of information for the United Nations Educational, Scientific and Cultural Organization. Mr. Scheuer is the chairman of the Committee on Science and Technology, which has jurisdiction over UNESCO's affairs.

UNESCO's spokesman said the

purpose of the review, which is expected to include an audit of UNESCO accounts, will be to "examine U.S. cooperation with UNESCO as any member country has a right to do."

Western diplomatic sources say the review is likely to show whether there is any truth in reports of large-scale inefficiency, mismanagement and even corruption at UNESCO's Paris-based secretariat.

The congressional review is also expected to examine many of UNESCO's programs that the United States has claimed are anti-Western and inappropriate for a body charged with fostering cooperation in the educational, scientific and cultural fields. With support from most of its Western allies, the United States opposes UNESCO's efforts to set itself up as a regulator of the international news media

through the creation of a new world information order and to its interest in peace and disarmament questions.

Western diplomats believe that clear evidence of mismanagement or fraud would strengthen the case for a thorough reform of the organization and undermine the credibility of Mr. M'Bow, perhaps even forcing him to resign. On the other hand, if Congress finds that UNESCO is reasonably well run or trying sincerely to improve standards, it will be more difficult for the Reagan administration to carry out its threat to withdraw at the end of this year.

The planned investigation will coincide with the regular audit of UNESCO's accounts by Britain's National Audit Office, an independent body that UNESCO members have appointed as their outside auditor.

Mr. M'Bow agreed to the congressional investigation after recently being warned by both Britain and West Germany that they may also be forced to review their membership at the end of this year unless changes were made.

The British warning came in a parliamentary statement last month by Baroness Young, a minister of state at the Foreign Office, who spoke of "re-examining" Britain's relationship with UNESCO if the organization did not put its house in order. Diplomats say the West German government delivered a similar warning about a week ago.

Last month, the U.S. assistant secretary of state for international organization affairs, Gregory J. Newell, said the Reagan administration was ready to reconsider its decision to withdraw from UNESCO if the organization began improving management techniques, dropping "politically motivated anti-Western programs" and concentrating instead on such "technical" tasks as promoting literacy in developing countries, fostering scientific exchanges and preserving artistic treasures.

Meanwhile, other Western countries, which generally want to see the U.S. stay in a reformed UNESCO, are drawing up a list of immediate changes they want Mr. M'Bow to introduce this year and which they believe would encourage the Reagan administration not to withdraw.

Hart Upsets Mondale In New Hampshire

Glenn Third; Five Others Lag Behind

By David S. Broder

Washington Post Service

MANCHESTER, New Hampshire — Senator Gary Hart of Colorado scored a surprise victory in the New Hampshire Democratic presidential primary on Tuesday, setting back the prospects of Walter F. Mondale and turning the race for the nomination into what could be a long, exhausting contest.

Mr. Hart had 41 percent of the vote, followed by Mr. Mondale with 29 percent and Senator John Glenn of Ohio with 13 percent. The other candidates were driven down to single-digit figures: the Rev. Jesse L. Jackson and former Senator George S. McGovern of North Dakota each had 5 percent; Senator Ernest F. Hollings of South Carolina had 4 percent; Senator Alan Cranston of California, 2 percent; and former Governor Reubin Askew of Florida, 1 percent. Mr. Cranston then dropped out of the presidential race Wednesday. [Page 3.]

President Ronald Reagan, who received 97 percent of the vote in the state's Republican primary, drew about 5 percent of the Democratic vote on write-ins. With 5,032 write-in votes, he did better than three of the Democratic candidates.

Mr. Hart said Wednesday that the erosion of support for Mr. Mondale and the backing of moderate Republicans would give him an edge in the race for the Democratic nomination.

"I think there's a great change going on in this party and a great sorting out now," he said. "I think that a lot of people who felt very strongly about Vice President Mondale a day or so ago may feel less strongly about him today."

Mr. Hart added that his support from moderate Republicans will be demonstrated in the upcoming Vermont presidential primary on March 6.

Mr. Mondale, the erstwhile favorite, described the results of the year's first presidential primary as "a cold shower," but vowed to redouble his efforts.

Mr. Glenn conceded that his results were "not so hot," but said he had no thought of quitting the race. "I'm quite happy with the way things look for Super Tuesday," he said, referring to the series of primary contests March 13. His finish in New Hampshire was an improvement from his fifth-place showing in the Feb. 20 Iowa precinct caucuses.

On a day when a severe winter storm apparently cut voter turnout by almost one-third from 1980, Mr. Hart, 43, continued a strong surge that began with his surprise second-place finish in Iowa. He jubilantly told supporters on Tuesday, "This campaign just begins tonight."

The Rev. Jesse L. Jackson, whose decline here apparently benefited Mr. Hart, is expected to campaign actively for the primaries in Alabama, Georgia and Florida on March 13. But most observers now see the contest for the nomination as a three-way race.

ABC News estimated that the total vote may have been down 29 percent from the 108,000 votes cast in 1980. The unexpectedly small vote on a stormy day blurred the significance of Mr. Hart's victory.

But the weather provided no obvious alibi for Mr. Mondale, the latest favorite to be disappointed in

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Senator Gary Hart of Colorado celebrates in a restaurant in Manchester, New Hampshire, after his primary victory.

A Change in the Script

Hart Shatters Mondale's Master Plan

By Milton Coleman

Washington Post Service

MANCHESTER, New Hampshire — In only eight days, surging through the Iowa caucuses and New Hampshire primary, Senator Gary Hart of Colorado has shattered Walter F. Mondale's vaunted three-year master plan to lock up the Democratic presidential nomination by mid-March.

Mr. Hart, with his political base in the West and now with clear momentum in the Midwest and New England, probably will force Mr. Mondale to campaign harder outside the South, and he may even change the tenor of the debate over the nomination.

To win the nomination in July, Mr. Hart still must overcome tough odds to raise sufficient funds and forge a national organization. Such an organization must be strong enough to transform his apparent popularity into votes and overcome the advantages that Mr. Mondale established long ago in the complex process of amassing convention delegates.

But Mr. Hart and his strategists are confident that they will gain money, workers and even delegate candidates as the field of eight narrows in the coming weeks and his momentum builds.

The last of the state's polling places had been closed for less than 30 minutes Tuesday night when Mr. Hart appeared to claim his victory in a packed restaurant hall in downtown Manchester before hundreds of whooping, screaming and applauding supporters.

"I am not prepared, at this moment at least, to claim the position of front-runner," he said. "But I

know one thing. Tonight in New Hampshire we buried the 'labeled dark horse'."

The Hart organization hopes for strong showings in the Maine caucuses Sunday, in Vermont's non-binding primary Tuesday and in the Wyoming caucuses March 10.

On "Super Tuesday," March 13, when 11 contests will be held, Mr. Hart will confront Mr. Mondale in

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at least one Southern state — Alabama, Georgia or Florida — where Mr. Mondale all along had expected tough competition from the Rev. Jesse L. Jackson and Senator John Glenn of Ohio. That same day, Mr. Hart will challenge Mr. Mondale in the Massachusetts primary and Oklahoma and Washington caucuses.

Mr. Mondale's previous strategy had been to eliminate most competitors by New Hampshire, then knock out Mr. Glenn in the March 13 primaries and March 17 caucuses and crown his victory with a triumph in the March 20 Illinois primary.

"Walter Mondale has the attitude that he can knock me out of this race in March," Mr. Hart said Tuesday before the result in New Hampshire was known. "That's just not going to be the case. Some time in March we'll begin to win some primaries and some caucuses."

Mr. Hart's strategists say that with Mr. Mondale reeling after New Hampshire, the compressed, heavily front-loaded nomination process engineered by Mr. Mondale

(Continued on Page 3, Col. 4)



A Lebanese couple ran from the scene of a car bombing Wednesday in West Beirut. At least one person was killed.

San Francisco Scrambles to Segregate Smokers

By Philip Hager

Los Angeles Times Service

SAN FRANCISCO — The phone rings a dozen times a day at the Health Department as employers ask about the city's new ordinance limiting smoking in offices.

"Will smoking be allowed at all in an office workplace?" (Yes, but only if it is O.K. with nonsmokers.)

"What if nonsmokers object?" (Then there is no smoking.)

"What about a private enclosed office, occupied exclusively by smokers?" (Smoking is permitted, even if that office is visited by nonsmokers.)

Businesses throughout San Francisco are scrambling to comply with one of the most far-reaching and bitterly opposed anti-smoking measures ever adopted by an American city.

The law takes effect Thursday. By then, all private and municipal employers must have adopted policies designed to accommodate smoking and nonsmoking employees. But if the policies are not acceptable to nonsmokers, employers must prohibit smoking in the workplace.

The intent of the legislation is to reduce the health risk, annoyance and discomfort of tobacco smoke on workers in confined

areas. Violators face a maximum fine of \$500 a day.

Despite all the questions, officials are optimistic that the ordinance will be widely accepted. "I haven't found anyone yet who doesn't think he can work something out," Paul Schwabacher, assistant director of the department's Bureau of Environmental Health Services, said.

But opponents of the measure are not so sure. They predict that some employers will simply ignore the law, hoping no nonsmoking employee will be incensed enough to register an official complaint with health authorities. Other employers, opponents say, are likely to find themselves refereeing conflicts between smokers and nonsmokers.

"I'm sure the ordinance is going to have some problems," said Blanche Streeter, a nonsmoker who helps run San Francisco's Against Government Intrusion, the group that led an unsuccessful, \$1.2-million campaign against the measure in last fall's election.

"The way it's written, it allows one person to set office policy, no matter what the manager says," she said. "The way will be open for people with petty jealousies to use the law to get even with others."

Many employers have already begun adopting policies on office smoking, ap-

parently with little discord. Some companies, such as Pacific Bell Telephone Co., the Bank of America and the Bancroft-Whitney publishing house, had been regulating smoking before passage of the ordinance.

At television station KRON, a committee of smokers and nonsmokers from several departments held meetings aimed at accommodating a maximum of employees. An office poll showed that about one-third of the station's 370 employees were smokers.

Some areas, such as control rooms and film storage areas, were declared off-limits for smoking. In others, such as the newsroom, an attempt will be made to separate smokers from nonsmokers, but without any partitions or other barriers.

"We've tried to get the support of all employees, rather than just implementing something from on high," said Jan van der Voort, the station's human resources director.

Meanwhile, city officials and health groups have been distributing information about the ordinance throughout the city. The American Cancer Society, working with the American Heart Association and the American Lung Association, is giving out copies of the ordinance, a model policy

on smoking in the office and no-smoking signs.

The groups surveyed 37 companies of different sizes and found a range of plans being put into effect. Some companies are moving employees closer to windows and ventilation ducts; others are merely adding air purifiers, fans or smoke-consuming ashtrays. Yet others have set up smoke-free areas or created smoking breaks for employees.

A hard-fought campaign against the ordinance, financed almost entirely by tobacco company contributions, fell less than 1 percentage point short of overturning the measure. Even after defeat, opponents placed a full-page newspaper advertisement urging the supervisors to reconsider the law.

At this point, reconsideration seems unlikely. Two new ordinances — one that would require restaurants to establish nonsmoking sections, the other an alternative version that would limit smoking to no more than half the restaurant — are now under consideration by a supervisors' committee.

Trudeau Will Resign After Party Fills Post

OTTAWA — Prime Minister Pierre Elliott Trudeau announced Wednesday that he intended to resign as soon as the governing Liberal Party selected a new leader.

Mr. Trudeau, 64, who has been Canada's leader since 1968 except for a nine-month period during which the opposition was in power, told the Liberal Party president, Jona Campagnolo, of his decision in a hand-delivered letter Wednesday morning.

Mr. Trudeau's resignation will be effective from the day "a new leader is chosen and sworn in," according to Ralph Coleman, Mr. Trudeau's press secretary.

Arranging a party leadership conference is likely to take about three months. Mr. Trudeau's most likely successor appears to be a former finance minister, John Turner, who resigned from his cabinet post in 1975 over policy differences and has worked since then as a lawyer in Toronto.

Mr. Trudeau's office later released the text of his letter to Mr. Campagnolo. "The experience of being leader of our great party has been one of the joys of my life, but I now feel this is the appropriate time for someone else to assume this challenge," the letter said.

Mr. Trudeau announced to his staff Wednesday morning that he had decided to step down.

This is the second time Mr. Trudeau has announced his departure from politics. He "announced his retirement in 1979 after he lost to Joe Clark of the Progressive Conservative Party. But he changed his mind and bounced back the next year in an early general election with another majority.

Ottawa had been rife with speculation that Mr. Trudeau would resign, but the timing of the announcement took the capital by surprise. Parliament is adjourned for a one-week winter break. The opposition Conservative Party leader, Brian Mulroney, is in Florida on vacation.

INSIDE

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The Pentagon is seeking the repeal of a law requiring guarantees from weapons manufacturers. Page 2.

Truck drivers lifted their blockade on the Italian-Austrian border. Page 3.

Certain crucial areas of human intelligence do not decline in old age, among people who are generally healthy. Page 5.

U.S. index of leading indicators scored its best gain in three months. Page 7.

Paul Volcker of the Federal Reserve said that persistently high government deficits could rekindle inflation. Page 7.

"God's Lightning" brings not only religion but also provisions to islanders of the state of Maine. Weekend.

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Bonn Officials Worried by Criticism from U.S. on Military Contribution

By William Drozdiak
Washington Post Service

BOON — The West German government is becoming increasingly worried about possible harm repercussions from blunt U.S. remarks to the European allies as they must assume greater responsibility for their own defense face cuts in U.S. military support.

Bonn officials are expressing anxiety that the growing U.S. influence with the Europeans may further alienation and encourage the kind of neutralist sentiment at the U.S. and West German governments want to prevent.

Chancellor Helmut Kohl, who is visiting Washington later this week, said to impress upon President Ronald Reagan that he and President François Mitterrand of France intend to bolster military

cooperation between their countries to strengthen the "European pillar" of the alliance. West German defense officials admit, however, that Mr. Kohl will be able to show little tangible progress along these lines.

At the same time, Mr. Kohl will seek to explain that joint military projects between France and West Germany must not be interpreted as an effort to curtail dependence on U.S. nuclear and conventional forces in Europe. Bonn, in particular, does not want to convey the notion that it is prepared to dispense with the U.S. nuclear shield.

West German sensitivities on the issue have been sharpened by recent criticism of Europe's defense posture by Lawrence S. Eagleburger, U.S. undersecretary of state for political affairs, and former Secretary of State Henry A. Kissinger.

After Mr. Eagleburger warned at a seminar that U.S. interests might dictate a turn toward the Pacific and away from Europe, Mr. Kohl and his top advisers sought fresh assurances about administration intentions. While in Moscow attending the funeral of the Soviet leader, Yuri V. Andropov, Mr. Kohl met with Vice President George Bush and asked whether such remarks reflected a change in U.S. policy. He was told that Mr. Eagleburger's comments had been misinterpreted in Europe, West German officials said.

In an article in the latest issue of Time magazine, Mr. Kissinger suggested radical reforms of the North Atlantic Treaty Organization. He said the United States should withdraw up to one-half of its 320,000 troops from Europe if the allies refused to increase their military effort.

He also proposed appointing a European as NATO's supreme military commander, a post traditionally held by an American, and allowing the Europeans to take control of negotiations with the Soviet Union on nuclear and conventional weapons based in Europe.

Mr. Kissinger's ideas provoked immediate dissection in Bonn, not least because he is perceived as a possible successor to Secretary of State George P. Shultz and somebody who wields great influence within the Reagan administration.

Alois Mertes, minister of state for foreign affairs, criticized Mr. Kissinger for what he described as "irrational pessimism." He also rejected the idea that Europeans should negotiate with the Russians over the medium-range nuclear missiles recently deployed by U.S. forces.

On Monday, Mr. Kohl ruled out the idea of a West German military commander of NATO forces because of the political difficulties it would create with other European allies.

The vehement criticism of the Kissinger plan voiced by officials in Bonn reflected an acute concern about sending the wrong kind of signals to Moscow as well as to those West Germans who oppose all nuclear weapons.

In contrast, the opposition Social Democratic Party, which refused to support deployment of new nuclear missiles in Europe, welcomed the Kissinger proposals for a greater European role in determining the nature of allied defense in Europe.

Even though Mr. Kissinger stressed that his plan was designed to counter the neutralist and pacifist trends he sees in some European countries, West German and NATO officials warned that such ideas may have the opposite effect.



STORMY LANDING — Spotlights illuminate a Scandinavian Airlines DC-10 that overran a runway Tuesday in fog and rain at New York's Kennedy International Airport. The 177 persons aboard waded ashore or paddled to safety in rafts after the plane came to a stop at the edge of Jamaica Bay. Ten persons were slightly injured.

Saudi King, in Letter, Asks Reagan To Maintain Involvement in Lebanon

By John M. Goshko
Washington Post Service

WASHINGTON — King Fahd of Saudi Arabia has urged President Ronald Reagan to stay actively involved in Lebanon. But the Saudi appeal came as diplomatic sources said that the United States had rejected a request from President Amin Gemayel of Lebanon to use U.S. naval firepower to maintain the military status quo in his country.

King Fahd's call was contained in a letter delivered to Mr. Reagan late Tuesday by the Saudi ambassador, Prince Bandar bin Sultan, shortly after he returned here from the Middle East.

The letter arrived as U.S. officials were signaling that the United States intends to allow Lebanon and its Arab neighbors to seek a solution on their own. Mr. Gemayel's national security adviser, Wadi Haddad, was informed here last week that the administration would not extend its military commitments in Lebanon and planned a passive political role.

According to sources familiar with the Saudi letter, King Fahd warned that disengaging from Lebanon could cause irreparable damage to U.S. influence in the region, and he argued that Mr. Reagan could salvage the situation by supporting a Saudi plan for a political agreement between Mr. Gemayel and the Syrian-backed dissident factions opposing his government.

The Saudi plan would require Mr. Gemayel to meet Syria's de-

mand for scrapping of the U.S.-sponsored Lebanese-Israeli peace agreement of last May. The sources said that King Fahd expressed amazement and unhappiness at the administration's failure to give its blessing to abrogation of the agreement.

Other U.S. sources said the administration told Mr. Haddad last week that it would not assist the Saudi effort to find a formula based on abrogation.

Mr. Haddad reportedly came away from his meetings in Washington with the impression that the administration is very cool toward the Saudi initiative and bitter at Saudi Arabia's failure to deliver on its past promises to induce Syria to withdraw from Lebanon if Israel agreed to pull out.

The sources added that Secretary of State George P. Shultz, whose Middle East shuttle diplomacy last spring led to the accord, had warned Mr. Haddad that a Lebanese decision to scrap the agreement might result in indefinite Israeli occupation of southern Lebanon.

These sources said that Mr. Haddad also had been rebuffed in his attempt to obtain a U.S. commitment to use the firepower of U.S. ships off the Lebanese coast to deter efforts by dissident militias to capture the few areas in and around Beirut still under the Gemayel government's control.

The sources said Mr. Haddad, who was sent to Washington by Mr. Gemayel as U.S. marines were completing their withdrawal from

Beirut, had argued that shattering the current military balance would undermine Mr. Gemayel's ability to negotiate with Syria and the dissidents. Mr. Haddad also warned that further advances by Moslem dissidents could result in massacres of Christians in the threatened areas.

Specifically, the sources said, Mr. Haddad asked that the United States extend the "rules of engagement" now governing the U.S. naval forces to include shelling of dissident positions in case of attacks on three strategic villages.

The sources identified the villages as Schuwayfat to the south of Beirut, Suk al Gharb in the mountains overlooking the city and Dahr al-Aachayer, 15 miles (24 kilometers) northeast of the capital along a major approach to predominantly Christian East Beirut.

However, the sources continued, Mr. Shultz and other officials at the White House and Pentagon told Mr. Haddad that while they sympathized with Mr. Gemayel, the United States would not extend its commitment beyond the current rules of engagement. Those rules call for firing back against attacks from Syrian-held areas that could threaten U.S. lives or installations such as the U.S. Embassy residence.

The sources also said that Israel, which has aided the Lebanese Christians in the past, had advised Mr. Gemayel that its military forces would not become involved more deeply in Lebanon under any circumstances.

WORLD BRIEFS

Iraq Admits Loss of an Island to Iran

BAHRAIN (Reuters) — Baghdad has acknowledged that Iran is holding Majnoon Island in Iraq's southeastern marshland. It said the occupied territory would soon be "purged."

Iran said Tuesday that its forces had inflicted heavy damage and casualties on Iraqi troops in heavy fighting in the Al-Uzayr region of southeastern Iraq and had beaten back several counterattacks.

In Al-Uzayr, about 90 kilometers (55 miles) north of Basra on the main road between the port city and Baghdad, an Iraqi commander said Tuesday that Majnoon Island would be "purged" and the Iranians holding it crushed soon in a major offensive.

Iraq reported Monday that its planes had bombed tankers at Iran's Kharg Island oil terminal. Iran denied the Iraqi report.

Russia Declares 200-Mile Coastal Zone

MOSCOW (Reuters) — The Soviet Union has established an economic zone of 200 nautical miles off its coastline, Tass reported Wednesday.

It said within the zone, which is to take effect Thursday, the Soviet Union would have sovereign rights over prospecting, developing and preserving all natural resources.

Quoting from a government decree, Tass said: "The Soviet Union has established a marine economic zone with its outside boundary situated 200 nautical miles from the coastline." Western diplomats said the announcement could be legally confirming a zone that already existed or broadening the zone's definition. Moscow already has a fishing limit.

Christian Democrats Re-elect De Mita

ROME (Reuters) — Italy's Christian Democratic Party confirmed Ciriaco De Mita on Wednesday as the party secretary for a second two-year term but with a smaller majority than expected, party sources said.

Early results at the party congress in Rome indicated that Mr. De Mita, 56, would receive less than two-thirds of the votes, said Sandro Fontana, a member of parliament.

The minister of civil protection, Vincenzo Scotti, Mr. De Mita's only opponent, received about 30 percent of the votes, while many ballots were returned blank or spoiled, party sources said. The proportion gained by Mr. Scotti was far higher than expected, reflecting strong opposition to Mr. De Mita, analysts said. The party suffered a humiliating electoral setback in June under Mr. De Mita's leadership.

Reagan Rejects Governors' Fiscal Plan

WASHINGTON (WP) — President Ronald Reagan has rejected a deficit-reduction plan put forward by U.S. governors, saying their call for a tax increase and slower military buildup was unacceptable.

Mr. Reagan's response and a line-by-line critique of the plan by David A. Stockman, director of the Office of Management and Budget, left some Republican as well as Democratic governors annoyed at the reception from the administration.

The White House also explicitly turned down Monday a proposal by the chairman of the Senate Budget Committee, Pete V. Domenici, a Republican of New Mexico, to reduce military spending by about \$50 billion over the next three years by limiting real or after-inflation increases in the military budget to 5 percent or less.

For the Record

Two Kashmiris appeared in court Wednesday in Birmingham, England, after being accused of kidnapping an Indian diplomat who found shot to death in early February. Two other Kashmiris living in Britain are being detained by police on a similar charge. They are accused only of the kidnapping, indicating that police have no evidence linking them with the killing of the diplomat, Ravindra Mhatre. (Reuters)

French miners intercepted a trainload of West German coal, dumped it onto the tracks and set it afire Tuesday night, police at Carmaux, southern France, said Wednesday. The miners asserted that while many pits in the area had been shut, 50 percent of the coal used in a coke factory at Carmaux had been imported from West Germany. (Reuters)

A freighter carrying bottled gas caught fire at Makung in the Taiwan Strait on Wednesday, killing at least 11 persons and injuring 12, the local Taiwan police administration said. (UPI)

The death toll in rioting by members of an outlawed Moslem sect has risen to 102 in Jimeta, a city in northeastern Nigeria, the News Agency of Nigeria reported Wednesday. It said calm had returned to the city. (AP)

The U.S. Senate gave final congressional approval Wednesday to a 30-day extension of the Export Administration Act, which allows the president to impose export controls for national security reasons. The law was scheduled to expire Wednesday night. (UPI)

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Walter F. Mondale and his wife, Joan, talk with reporters in Boston after his loss in the New Hampshire primary.

Mondale Says Campaign Is Still on Track to Win

By Martin Schram
Washington Post Service

BOSTON — Walter F. Mondale, jarred as his presidential express was suddenly blocked by Senator Gary Hart in New Hampshire, contended that it had not been derailed and was still on track to win large numbers of delegates in the weeks to come.

At a fund-raising event here Tuesday night, when he was introduced by Massachusetts governor, Michael S. Dukakis, and Boston's mayor, Raymond Flynn, Mr. Mondale said: "Now the real action begins. Starting tomorrow, the national campaign goes into high gear. In the next three weeks, 25 states... pass judgment on whom they want to be nominated as president of the United States."

Mr. Mondale said later that the message from New Hampshire's voters was that they did not want to end the debate now and give him the nomination early. He said he did not think Mr. Hart's charges that he was overcautious were a factor in the Colorado senator's victory.

He conceded, however, that it might have been a mistake for him to leave New Hampshire for most of the last three days before the vote to campaign in Maine and Vermont and to rest in Washington.

"It may have made a difference. I don't know," he said. "It's something we'll consider."

He said of the windup of the New Hampshire campaign: "The last four or five days I could feel something happening. I couldn't tell what it was."

[Mr. Mondale greeted work-bound subway riders in Boston Wednesday after his upset defeat and pledged to "continue the fight" for the Democratic nomination. United Press International reported: "That's behind us now," he said.

(After campaigning in Boston, he headed for Georgia and Alabama.

Hart Upsets Mondale in New Hampshire Vote

(Continued from Page 1)

the New Hampshire primary. Mr. Mondale's managers long have been wary of New Hampshire's unpredictable voters, who have often produced upsets. But it was only in the last two days — with their candidate absent — that they saw disaster approaching.

Mr. Mondale had hoped to close the Democratic race with victories March 13 in the Southern primaries and Massachusetts and in the Illinois primary on March 20.

Instead, Mr. Mondale now must prove he can win votes among the younger and more independent-minded constituencies who apparently backed Mr. Hart.

The testing will resume Sunday in Maine, where Mr. Mondale won a big victory in last fall's Democratic state convention straw vote.

Mr. Hart is expected to pose a strong challenge there, as well as in Vermont and in the March 10 Wyoming caucuses.

But the Coloradoan faces a serious problem on March 13. He has only token support and organization in the South, and in Massachusetts, where Mr. Mondale has been endorsed by leading Democrats, Mr. McGovern could cut into the Hart tally.

Mr. Glenn and Mr. Jackson are expected to provide the main competition for Mr. Mondale in the South, while Mr. Hart tries to replenish his exhausted treasury and prepare for contests in the Northeast, the Middle West and the West.

Mr. Mondale responded to the news of his setback with the comment, "Now the action begins." His aides predicted he would compile a big lead in national convention delegates during the March caucuses and primaries.

But that show of optimism rang a bit hollow, observers said, following Mr. Mondale's defeat in New Hampshire, which he had organized as thoroughly as seemed possible.

Mr. Hart's promise of "new leadership" drew a nonideological contrast with Mr. Mondale, whom Mr. Mondale depicted as an embodiment of

Cranston Drops Out, Becoming 1st Democrat To Quit Campaign Trail

United Press International
CONCORD, N.H. — Senator Alan Cranston of California, saying he knows "when to dream and when to count votes," on Wednesday became the first Democrat to withdraw from the race for his party's presidential nomination.

"I know the difference between reality and dreams," Mr. Cranston said at a news conference after a seventh-place finish among the eight Democratic contenders in Tuesday's New Hampshire primary election.

Mr. Cranston, 69, who had concentrated on calling for a nuclear weapons freeze throughout his campaign, said he had entered the race out of a "sense of urgency about the need to end the arms race."

He was the first candidate to officially enter the Democratic race more than one year ago. He had tried to become better known nationwide by competing in various straw polls.

His strategy required a strong showing in the New Hampshire primary and the Iowa caucuses, which he failed to do.

Mr. Cranston declined to speculate on the impact of his abrupt withdrawal, but said he plans to seek re-election to the Senate in 1986.

In Tuesday's primary, Mr. Cranston won 2,087 votes, or 2 percent, ahead only of Reubin Askew, former governor of Florida, who placed last.

Mr. Cranston said he would not immediately endorse another candidate.

He said he would continue to



Alan Cranston

Hart's Victory Shatters Mondale's Master Plan

(Continued from Page 1)

dale's supporters paradoxically may allow Mr. Mondale less time to recover.

"This is where the rules have a double whammy," said one of the senator's strategists, Patrick H. Caddell. "They have to provide momentum — intense momentum — and it's much more difficult to organize and counterattack."

Having to fight on more than just the Southern front also could strain Mr. Mondale's ability to make unexpected additional expenditures without exceeding U.S. spending limits. By the end of March, Mr. Mondale is projected to have spent \$17 million of the \$24 million that candidates may spend under U.S. limits during the primaries and caucuses.

Mr. Hart's showing here also could resuscitate Mr. Glenn's dying campaign, which was critically wounded by his fifth-place finish in the Iowa caucuses Feb. 20.

But Mr. Hart's emergence as the chief rival to Mr. Mondale may change the debate over the nomination. Voters will have to choose, the senator's supporters say, between a resurrection of the classic New Deal coalition and policies represented by Mr. Mondale and, on the other hand, Mr. Hart's call for "new approaches" on such issues as industrial policy, federal aid to education and national defense.

Unlike Mr. Glenn, who openly appealed for the party to be more conservative, Mr. Hart has made a nonideological pitch for change aimed primarily at younger, more educated voters. In recent New Hampshire polls, he was the favorite candidate among voters 31 to 45 years old and the favorite of independent voters likely to vote Democratic.

Despite the relatively high presence of women in his campaign, Mr. Hart appears to have proportionately more support from men than from women and has been one

DELEGATE COUNT

The following is an unofficial count of Democratic National Convention delegates. To win the nomination at the convention in San Francisco July 16-19, a candidate must gain at least 1,967 of the 3,933 delegates.

FROM NEW HAMPSHIRE

Gary Hart 11
Walter F. Mondale 7

THE TOTAL SO FAR

(Including 144 elected by the House from among its members.)
Walter F. Mondale 126
Gary Hart 27
John Glenn 17
Alan Cranston 16
Jesse L. Jackson 11
Reubin Askew 10
Ernest F. Hollings 6
George McGovern 4
Uncommitted 22
Total 222
Numbers are subject to minor changes.

Congress Tackles Deficit As Reagan Effort Stalls

By Helen Dewar
and David Hoffman

WASHINGTON — Congress has taken the initiative on cutting the federal deficit as negotiations with the White House have come to a halt. Senate Republicans have proposed to work with Democrats on a plan to reduce the deficit by at least \$120 billion over three years by cutting spending and raising taxes.

After negotiations with the White House broke up Tuesday without a date for resumption, the Senate Appropriations Committee chairman, Mark O. Hatfield, Republican of Oregon, and the Budget Committee chairman, Pete V. Domenici, Republican of New Mexico, proposed that Congress take charge of the budget-writing process.

White House officials were skeptical that Congress could draft a plan of its own but did not object to the effort.

Mr. Hatfield said after the bargaining session Tuesday that he hoped a "working draft" on deficit reductions, including about \$40 billion each from taxes, defense and domestic spending, could be ready to present to White House and congressional negotiators next week.

The Hatfield-Domenici effort was seen by some congressional leaders as the only hope of salvaging negotiations with the White House. The talks appeared to be near collapse Tuesday after the leader of the majority Democrats in the House, James C. Wright Jr., of Texas, accused the administration of "inflexible hostility" toward defense cuts, and Republicans rejected a Wright proposal for major tax increases.

Tuesday's negotiating meeting was the fourth since President Ronald Reagan called for the talks to produce \$100-billion for deficit reductions over the next three years. The session was devoted largely to tax proposals from Mr. Wright, including a rollback of last year's tax cut. These measures were rejected by the Republican negotiators.

The Senate Finance Committee, operating independently of the talks with the administration, has approved more than \$20 billion in specific spending cuts and tax increases so far. The House Ways and Means Committee is planning to begin a similar effort.

The Senate Finance Committee chairman, Robert J. Dole, Republican of Kansas, said he hoped the committee would agree to \$50 billion in tax increases but conceded

that it might end up with less than \$50 billion in spending cuts. "We're doing fairly well," Mr. Dole said. "It's better than going to those White House meetings."

Grace Report Discounted

Robert Pear of The New York Times reported from Washington: The major recommendations of Mr. Reagan's commission to reduce federal costs would save much less money than the panel asserted, congressional auditors said Tuesday.

The President's Private Sector Survey on Cost Control, headed by J. Peter Grace, a New York industrialist, made nearly 2,500 recommendations to fight waste, reduce federal retirement benefits, limit health-care spending and put federal operations on a more business-like footing.

The Congressional Budget Office and the General Accounting Office, an investigative arm of Congress, said they could document only \$97.9 billion in savings from the major recommendations. The Grace commission had forecast \$298 billion in savings from these steps over three years.

Rudolph G. Penner, director of the Congressional Budget Office, and Charles A. Bowsher, the comptroller general of the United States, who serves as head of the accounting office, testified on their findings before the Senate Budget Committee.

Mr. Penner and Mr. Bowsher said some of the Grace commission proposals were worthy, but that many were too vague to evaluate. Mr. Bowsher said he feared that "action on many worthwhile commission recommendations will be jeopardized by widespread recognition that the associated savings estimates are significantly overstated."

5 Teachers in Zimbabwe Mutilated by Guerrillas

HARARE, Zimbabwe — Anti-government rebels cut off the ears, noses and upper lips of five teachers in an attack on a school in Zimbabwe's southeastern province of Masvingo. The Herald newspaper on Wednesday quoted government ministers as saying.

Education Minister Dingirai Mumbuka and Health Minister Sydney Sekeramayi said after visiting the hospitalized victims that during the attack Feb. 21 the rebels had accused the victims of supporting Prime Minister Robert Mugabe's ruling party.

European Truckers Lift Blockades As Talks to End Italian Delays Begin

United Press International
BRENNER PASS, Italy — The first of thousands of trucks staging a weeklong blockade of Italy's border with Austria started moving through customs Wednesday after the truckers announced an end to their protest against delays in Italian customs procedures.

Police said customs officials, working around the clock at the Brenner Pass and two other crossing points that were blocked, started clearing trucks in both directions early Wednesday morning. With 3,500 trucks backed up along a 72-mile (116-kilometer) stretch of highway, it was expected to take several days for traffic to return to normal.

In many cases drivers had difficulty moving their trucks because of more than two feet (60 centimeters) of snow that fell on the Alpine passes while the blockade was in operation.

A committee representing drivers and trucking companies from seven countries agreed to lift the blockade after late-night meetings on the Bavarian border and at Innsbruck, Austria, at which West German and Austrian ministers pledged to negotiate immediately with the Italian government.

The Italian finance minister, Bruno Visentini, called leaders of Italian truckers' unions to a meeting Wednesday to talk about what the government will do to speed up customs clearance.

In addition to Italian, Austrian and West German truckers, drivers from Britain, Denmark, the Netherlands and Greece joined in the protest, which was started by French truckers.

Claudio Signorile, Italy's transport minister, urged Prime Minister Bettino Craxi and Mr. Visentini, the minister responsible for customs operations, to take emergency steps to meet the truckers' demands.

Report Says Wick May Have Broken California Law on Recording Calls

New York Times Service
WASHINGTON — The Senate Foreign Relations Committee says that Charles Z. Wick, director of the United States Information Agency, may have violated California law by secretly recording a telephone conversation while visiting the state.

A committee report that was released Tuesday did not say where, when or with whom the conversation took place, and committee spokesmen refused to say. Mr. Wick has admitted secretly taping

hundreds of telephone calls, a practice he says he has stopped.

The panel had asked the Congressional Research Service for an opinion on the legality of such taping. An attorney there told the committee that "it would appear that under the limited fact pattern you have described, a violation of California law would result."

In California, intentional taping of phone calls without the consent of the other party is punishable by a fine or one year in prison.

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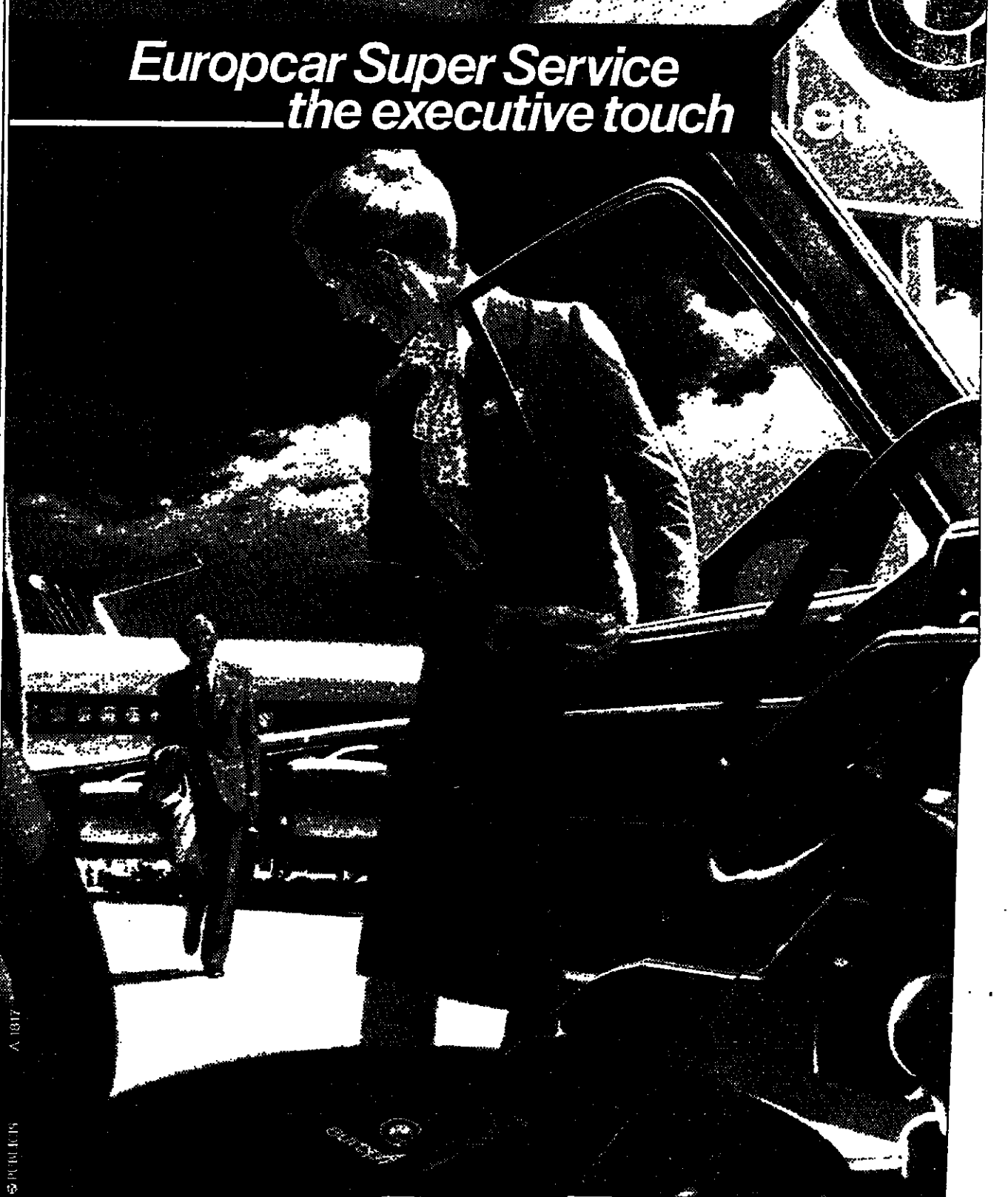
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Sikhs demonstrating at a shrine in New Delhi. The protest included burning copies of part of India's constitution.

Grenade Explodes at Hindu Festival in Sikh City, Killing 3 and Injuring 35

NEW DELHI — A hand grenade exploded at a Hindu festival in the Sikh city of Amritsar on Wednesday, killing three persons and injuring at least 35, the police said.

The grenade was hurled at people celebrating a Hindu festival, the Press Trust of India reported.

The news agency said seven other persons were wounded when police later fired on a crowd that gathered at the temple and threw stones at them.

An envoy of Prime Minister Indira Gandhi visited the Punjab capital of Chandigarh earlier Wednesday to assess Sikh-Hindu tension in Punjab and in neighboring Haryana state. More than 70 persons have been killed in extremist violence in the state over the past two weeks.

The Press Trust said the envoy, Energy Minister Shiv Shankar, would meet Punjab authorities to discuss the violence that followed Hindu opposition to a Sikh campaign for greater political and religious autonomy.

The Sikhs object to India's constitution, which they say equates them with Hindus in certain social and religious areas. Hindus organized a strike in New Delhi on Monday to protest the violence. The strike coincided with a protest by Sikh leaders, who burned copies of parts of the Indian constitution relating to their objections.

Each calls his relationship with the other "formally correct," like delegates of feuding nations that agree on identical wording to camouflage a breakdown in talks.

In part, the rivalry comes from the system, which calls for separate elections to the two top positions without any assurance that the two winners will belong to the same party. Mr. Soares is a Socialist, and President Eanes is unaffiliated.

In part it comes from a difference in personalities. Mr. Soares, 59, is an ebullient campaigner, slightly disheveled and charismatic, an intellectual who spent the dictatorship years in prison and in exile in Paris.

President Eanes, 49, is a military man who rose up with the revolution of 1974-75, a ramrod-stiff and unsmiling figure who some how manages to throw crowds into a frenzy.

Conflicts of personality thrive in the hot-house political atmosphere of a small country. Sights are never forgotten.

President Eanes gained Mr. Soares's enmity in June 1978, when the governing coalition headed by Mr. Soares's Socialists crumbled and the president dismissed him from office instead of giving him a second term.

Privately, Mr. Soares is enraged, but he put a brave face on things and said, "I feel free as a bird out of a cage."

Two years later, he inserted a splinter of revenge when General Eanes was running and the Socialists withdrew their support. But the president won handily anyway.

In April, Mr. Soares bounced back, again heading a coalition government. But now his hand in dealing with General Eanes is somewhat stronger because a constitutional revision in 1982 stripped the president of much of his power.

In Portuguese Politics, A Head Start on Sniping

Eanes, Soares Confronting Each Other Though Election Isn't Until Late 1985

By John Darnton
New York Times Service

LISBON — The rivalry between the prime minister of Portugal, Mario Soares, and the president, Américo de Gama, is taking on a crabbled, vinegary edge now that there is a whiff of another political season in the air.

Actually, the whiff is premature. Another election is not scheduled in Portugal until late 1985, when the president's seat falls vacant. General Eanes, re-elected in 1980, is constitutionally barred from running for a third term. So there would seem to be no cause for a confrontation with Mr. Soares.

But such considerations belong to logic, not Portuguese politics.

"I think the politicians are too much in love with politics," a cab driver said. "They run against each other even when they're not running against each other." He took both hands off the wheel, as if to demonstrate the perilous state of affairs to which all this calumny had brought the country.

The vendetta between Mr. Soares and General Eanes is unspoken, indirect, full of ricochet shots. They are perfectly capable of meeting together, as they have to do from time to time to conduct government business.

Each calls his relationship with the other "formally correct," like delegates of feuding nations that agree on identical wording to camouflage a breakdown in talks.

In part, the rivalry comes from the system, which calls for separate elections to the two top positions without any assurance that the two winners will belong to the same party. Mr. Soares is a Socialist, and President Eanes is unaffiliated.

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In April, Mr. Soares bounced back, again heading a coalition government. But now his hand in dealing with General Eanes is somewhat stronger because a constitutional revision in 1982 stripped the president of much of his power.

The first trial of strength came when Mr. Soares, availing himself of new prerogatives under the revised constitution, insisted on the dismissal of the army chief of staff, General Garcia dos Santos. General dos Santos is an old comrade in arms of the president, who refused to accept the resignation.

For four months, the dispute bubbled along until finally General Eanes reluctantly consented to the dismissal, provided it was accompanied by an understanding that he, too, should have a say in top military appointments. He then decorated General dos Santos with Portugal's highest military honors.

More recently, the Socialists took the president to task for comments he made in an interview with a newspaper in the Portuguese territory of Macao, Oriente, which is not commonly found on Portuguese newspapers. The president said, "The country would not stop, neither would democracy be in

danger, if the present government formula ended in failure."

This was read by the Socialist leadership as a display and destabilizing remark, and they suggested that he either remain impartial or resign and fight elections. "Democracy has the merit of guaranteeing the country will not stop if the holder of any sovereign body goes away," Mr. Soares said, in a broad hint.

Underneath the rivalry lies the perception that President Eanes, though his popularity has been



Antonio Ramalho Eanes



Mario Soares

slipping recently, still has a future in politics even though he cannot run for the presidency until another four years pass away.

The hopes of some, and fears of others, center on the notion of a new party coalescing around him, which could field candidates for parliament or the presidency.

Until recently, the president remained silent. But in a recent speech at the University of Coimbra he said, in effect, that the country was ready for a new political force.

Mozambican, Angolan Rebel Groups Face Loss of South African Support

By Ken Pottinger
International Herald Tribune

LISBON — The fate of two anti-Marxist guerrilla groups with close links to South Africa is in the balance following moves to end conflicts between South Africa and its Portuguese-speaking neighbors, Mozambique and Angola.

Spokesmen in Lisbon for the Mozambique National Resistance and the National Union for the Total Independence of Angola say that the end of tension between the governments has changed little and that the struggle will continue. But Portuguese officials say this is not true.

In Mozambique, the resistance movement is heavily dependent upon South African aid. The group was first set up by white-ruled Rhodesia's security forces and later was taken over by South African security operatives, who have encouraged it to destabilize Maputo's Marxist regime.

The guerrilla activities have also affected other black-ruled neighbors like Malawi and Zimbabwe, whose road, rail and oil supply routes run through rebel areas in Mozambique.

In Angola, South Africa's relationship with the rebels has been less direct, but sources in Lisbon say it has long provided support

and supply routes through Namibia for UNITA.

The diplomatic activity of the past few months, often with Lisbon as broker, has brought South Africa closer than ever to a regional nonaggression pact with its neighbors.

Peace could spell an end to the Mozambique National Resistance. Guerrilla activities are not expected to cease overnight since the rebels have stockpiled enough supplies to last two years. But South African support, including four training and supply bases inside South Africa, transport aircraft, airborne supply drops and reinforcements, would almost certainly end.

Until now, the guerrillas have nominally been controlled by colonial expatriates. The secretary-general, Evo Fernandes, is based in a camp in the northern Transvaal.

According to captured guerrilla documents, the Mozambique guerrillas fall under the direct orders of South Africa's Special Forces for Counterrevolutionary Activities, which also directs actions against Angola, Zimbabwe and Lesotho.

In 1979, Mozambique released documents, which later were independently authenticated, showing how South Africa closely coordinated the actions of the guerrillas, suggesting targets, providing attack

plans and intelligence and supplying weapons and materiel by air.

Despite strong government counteroffensives, the guerrillas have extensive influence. They are present in force in three key central provinces — Sofala, Manica and Zambezia — and claim to be active in nine of the country's 10 provinces.

The Mozambique Army says it has surrounded about 3,000 well-armed rebels in the Gorongosa area and is preparing for an attack to wipe them out. Recent reports reaching Lisbon from Mozambique also indicate that the government is making progress in the fighting.

On the Angolan front, where South Africa says the war cost more than \$1 million a day last year, an end to the South African role may be in sight.

If the cease-fire between South Africa and Angola holds, conditions might be created for commitments by both sides to drop support for client guerrilla groups.

South Africa would cut off support for UNITA, and Luanda would end support for fighters of the South-West Africa People's Organization in southern Angola who are seeking independence for South-West Africa, the South African-ruled territory also known as Namibia.

Accord Reported on Monitoring Truce Between South Africa and Angola

By Allister Sparks
Washington Post Service

JOHANNESBURG — South African and Angolan officials, meeting Saturday in southern Angola, agreed on a formula for formalizing and monitoring their unofficial cease-fire, diplomatic sources here said.

The sources said that the swift agreement reached in Cuvelai on the monitoring procedure appeared to have saved the four-week cease-fire from its first major crisis. South Africa complained last week that Namibian guerrillas were violating the accord.

Under the new agreement, the sources said, a joint commission of the two countries will begin Thursday to monitor a four-phase withdrawal of about 1,000 South African troops deployed over a 24,000-square-mile (62,000-square-kilometer) area of southern Angola. They have occupied the area for more than two years.

As the South Africans move out, the commission must ensure that Angolan troops and Namibian guerrillas do not enter what will then become a demilitarized zone.

The sources said that the commission would deploy joint teams to investigate complaints of violations.

Meanwhile, the United States has set up a small temporary mission in Windhoek, the capital of South-West Africa (Namibia), that will be on standby if the two sides request U.S. mediation.

The South African withdrawal is scheduled to be completed by March 31, at which point the monitoring commission will base itself in the Namibian border town of Oshanaungo while further efforts are made to conclude an agreement leading to pre-independence elections in Namibia.

South Africa called for the emergency meeting only nine days after officials of the two countries had held a historic repatriate meeting with the United States in Lusaka. They agreed to make formal a trial cease-fire that South Africa had unilaterally declared Feb. 1.

The South African foreign minister, R.F. Botha, complained that about 800 Namibian guerrillas were moving southward toward their homeland's border in violation of the understanding reached in Lusaka.

While U.S. mediators who had brokered the truce watched anxiously, officials of the two countries, meeting in a town where their armies were battling only two months ago, swiftly reached agreement a second time.

Mr. Botha announced that both sides had expressed concern over the movement of the guerrillas and reaffirmed the decision to formalize the cease-fire.

Observers said Tuesday that South Africa appeared to have been mollified by Angola's cooperative attitude, although it said the guerrillas were still moving southward and that it was worried about Angola's apparent inability to stop them.

The guerrilla movement, the South-West Africa People's Organization, has said that it will observe the cease-fire inside Angola but that it has a right to continue fighting its war of independence inside Namibia.

In the terminology of the negotiations, the monitoring will take place in a triangular wedge of southern Angola known simply as "the area in question."

It is roughly 24,000 square miles in extent, and South African troops have occupied it almost continuously for more than two years to prevent the incursion of SWAPO guerrillas into Namibia's most densely populated province of Ovamboland immediately to the south. Ovamboland has long been regarded as SWAPO's main area of popular support.

When South Africa announced its trial cease-fire Feb. 1, it said it was withdrawing its forces from Angola, but it is now clear that it was referring only to troops that had been engaged in a major cross-border incursion in December and January. South Africa said then it was acting to pre-empt a SWAPO campaign.

Other troops based in "the area in question" remained there. Explaining this, a South African military source said recently that their function was primarily to check for signs of guerrillas trying to move through the sparsely populated bush country toward the Namibian border.

They will have to remain until there is a proper monitoring procedure, the military source said.

Beginning Thursday, the monitoring commission will set up headquarters in Cuvelai and monitor the vacated segment to the north to ensure that no troops enter from either side.

After a week, the South Africans will withdraw to another line running through Mupa, about 40 miles (65 kilometers) to the south, and the monitoring commission will move its headquarters there.

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Marcos, After U.S. Vote on Aid, Doubts Alliance

The Associated Press

MANILA — President Ferdinand E. Marcos warned Wednesday, a day after a U.S. House subcommittee recommended large cuts in military aid to the Philippines, that the nation should not put unquestioned faith in its military alliance with the United States.

"Let us not be lured into a false sense of security by, sometimes, what may be a fragile web of military alliances with friends and allies," Mr. Marcos said at a lunch for cabinet officials and military officers. "In matters of defense, the guarantees of friends can be modified to suit their needs and their interests."

On Tuesday, the House Foreign Affairs subcommittee on Asia and Pacific Affairs recommended that military spending for the Philippines be reduced to \$25 million from \$85 million but that economic assistance be increased by the difference, \$60 million.

The subcommittee chairman, Stephen J. Solarz, a New York Democrat, said that the changes were offered to encourage the Philippines to protect human rights and to ease poverty.

The administration of President Ronald Reagan has pledged a five-year aid package of \$900 million to the Philippines in exchange for continued operation of Clark Air Base and Subic Bay Naval Base near Manila.

"We should not build our defense on the shifting sands of mutual defense agreements. It is time we build on firmer foundations," Mr. Marcos said.

"While we have faith in our allies, we should not be completely dependent upon them," he said in a nationally televised address.

Mr. Marcos called opposition criticism of alleged military abuses "a typical subversive ploy." He defended his military rule, saying that he was shot and killed by soldiers seconds after Mr. Aquino fell; supporters of Mr. Aquino contended the government was involved in the assassination.

Mr. Aquino's widow, Corason, rejected on Wednesday an election boycott movement led by her husband's brother, Agapito, and urged participation in assembly elections.

"I do not see this as an act of surrender to the regime," said Mrs. Aquino in a statement broadcast over a Roman Catholic Church radio station. "I see it more as a selfless act designed to avert violence and to pursue a path that offers the possibility of peaceful reform."

The political party founded by Benigno Aquino has decided to contest the elections, but a new group led by his brother has joined with some other opposition groups in favor of a boycott.

Human rights groups have accused the government of illegal arrests, torture and killings of political opponents.

Also on Wednesday, a nine-vehicle motorcade carrying 120 followers of the assassinated opposition leader, Benigno S. Aquino Jr., set out from northern Baguio City on a weeklong march to Manila to demand Mr. Marcos's resignation.

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SCIENCE

Research Shows the Mind Is Capable of Growth in Old Age

By Daniel Goleman
New York Times Service

NEW YORK — Researchers can now demonstrate that certain crucial areas of human intelligence do not decline in old age, among people who are generally healthy.

Moreover, although some other aspects of intelligence do diminish, the decline is relatively inconsequential and has been exaggerated, the experts assert.

The new research challenges beliefs long held by scientists and the public and suggests that, among people who remain physically and emotionally healthy, some of the most important forms of intellectual growth can continue well into the 80s. It also suggests that declines in intelligence can be reversed in some instances and that earlier notions about the loss of brain cells as a person ages were in error.

This more optimistic view emerges from a broad range of studies, from recent literature in the field and from interviews with gerontologists, psychologists and experts in related health sciences. Some of these experts suggest that the old ideas about aging and intelligence may have had tragic consequences: Countless intellectually vigorous lives may have atrophied on the mistaken assumption that old age brings an unavoidable mental deterioration.

"The expectation of a decline is a self-fulfilling prophecy," said Warner Schaie, a researcher on aging. "Those who don't accept the stereotype of a helpless old age, but instead feel they can do as well in old age as they have at other times in their lives, don't become ineffective before their time."

In recent years, data have shown that one key mental faculty, called crystallized intelligence, continues to rise over the entire life span of healthy, active people. Healthy in this context means an absence of diseases that affect the brain, such as a stroke.

Crystallized intelligence is a person's ability to use an accumulated body of general information to make judgments and solve problems. In practical terms, crystallized intelligence comes into play, for example, in understanding the

arguments made in newspaper editorials, or dealing with problems for which there are no clear answers but only better and worse options.

John Horn, a psychologist at the University of Denver, says crystallized intelligence continues to increase steadily throughout life, although in old age the increments become smaller.

As for the intelligence that may be lost, said Dr. Jerry Avorn of Harvard Medical School, "the deficits found in the healthy aged are in a minor range, not at all clinically impairing. At worst they're a nuisance, like not being able to remember names or phone numbers as well. They present no real problem for daily living."

History offers ample instances of brilliance in life's later years, from Michelangelo to Marsha Graham. The new research provides a better understanding of what, apart from a lucky genetic endowment, might allow such people to maintain their mental capacities.

The key factors include:

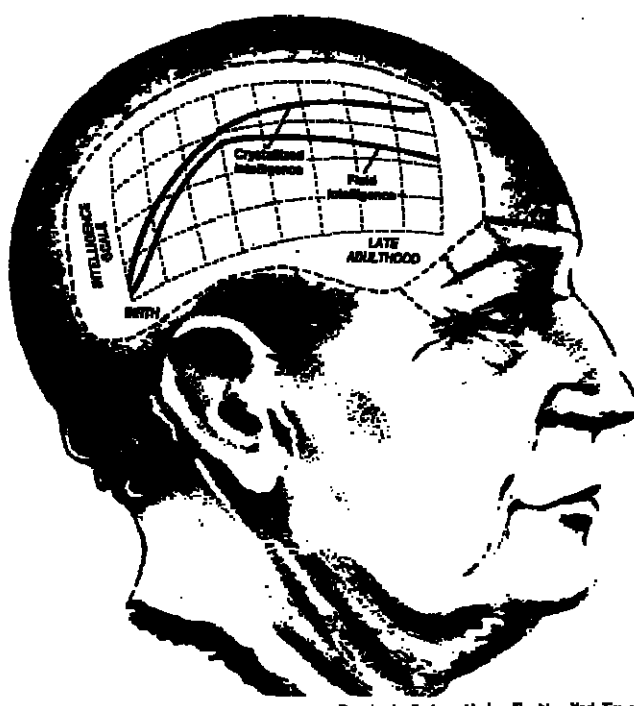
- Staying socially involved. Among those who decline, deterioration is most rapid in old people who withdraw from life.

- Being mentally active. Well-educated people who continue their intellectual interests tend to increase their verbal intelligence through old age.

- Having a flexible personality. A study found that people most able to tolerate ambiguity and enjoy new experiences in middle age maintained their mental alertness best through old age.

- The ability to bring to mind and entertain many different facets of information improves in many people over their vital years," Dr. Horn said. "One way this shows up is in the ability of older people to wax eloquent. They have a rich, evocative fluency; they can say the same thing in five different ways. In our research, they're better in this sort of knowledge than the young people we see."

This increase occurs despite the decline from early adulthood onward of "fluid intelligence," abilities involved in seeing and using abstract relationships and patterns. Fluid intelligence, Dr. Horn be-



Drawing by Barbara Mosier, The New York Times

lieves, may be more vulnerable to changes in the nervous system as a person ages than is crystallized intelligence.

Marsha Storandt, a psychologist at Washington University in St. Louis, said: "The fluid intelligence drop has some impact, but people learn to compensate. You can still learn what you want to; it just takes a little longer."

Researchers also report finding mental abilities closely related to crystallized intelligence that improve throughout old age. Roy and Janet Lachman at the University of Houston measured age differences in "world knowledge," the information people acquire both in formal education and day-to-day experience. This knowledge ranges from facts, such as the name of Britain's prime minister, to knowing signs of danger in the street.

The total score of such information, they found, increased with age through the 70s. What's more, the oldest group tested was more efficient in recalling these facts than groups in middle age or in their 20s. Memory loss that does occur in old age appears, in some measure, to be exaggerated because it is

said, "there begin to be slight declines in the 60s, and, for most people there are meaningful declines by the 80s. But some mental capacities decline very little, or can even improve in old age."

As people reach their 70s, the Seattle study shows, there is increasingly great variability in mental capacities; some people fare quite poorly while others retain their abilities well.

One of the major factors in maintaining or improving mental capacities was social involvement. Elderly people who lived with their families and were actively engaged with life showed an increase in mental abilities over a 14-year period, while those who lived alone and were withdrawn from life had a decline. The greatest decline was among widowed housewives who had never had careers and led restricted lives.

Dr. Schaie's research has shown that declines in such abilities as spatial orientation can be reversed with training. "The use-it-or-lose-it principle applies not only to the maintenance of muscular flexibility, but to the maintenance of a high level of intellectual performance as well," he said.

Others agree that the faculties people use most are likely to hold up best in old age. Nancy Denney, a psychologist consulting at the Institute on Aging at the University of Wisconsin, said, "What one does during one's life makes all the difference." The reason verbal abilities can increase over the lifetime is that people exercise that capacity all the time.

"Many tests that were used to assess the cognitive abilities of the elderly are biased in favor of younger people with whom they are compared," said Leonard Poon, a psychologist at Harvard Medical School. "One test involved remembering pairs of nonsense words. College students are motivated to try their best on this test. But

older people just don't care much about nonsense words."

Writing in The Journal of the American Geriatrics Society, Dr. Avorn of Harvard criticized much of the scientific literature comparing mental abilities of the aged and the young. While nearly all college students are free of major illness, he noted, the same assumption cannot be made about people in their 70s. Nonetheless, researchers have often asked the aged only if they were in good health.

The new view is accompanied by data attacking the notion that the brain degenerates precipitously with aging. The widespread belief that there is devastating cell loss in the elderly brain — and the related claim that each drink of liquor destroys a large number of brain cells — seems now to be unfounded. Marian Diamond, a neuroanatomist at the University of California at Berkeley, tried to track down the source of the belief and could find no definitive study proving it.

A recent study of brain chemistry at the National Institute of Aging, using a brain scan to study men whose ages ranged from 21 to 83, found that "the healthy aged brain is as active and efficient as the healthy young brain," based on the direct assessment of metabolic activity in various parts of the brain.

"What can happen," Dr. Avorn said, "is that an older person who is admitted to a hospital for something like a broken hip or heart attack can become confused as a side effect of drugs or simply from the strangeness of the hospital routine. The condition is reversible, but the family, or even the physician, doesn't recognize that fact. They assume this is the beginning of senile dementia, and pack the person off to a nursing home."

"No one knows what exact proportion of people in nursing homes aren't there," he said, "but we have ample clinical evidence that the numbers are large."

CURRENTS

AIDS Moves Into Eastern Europe

WARSAW (UPI) — Acquired immune deficiency syndrome has spread to Eastern Europe, striking at least two people in Czechoslovakia and prompting Poland to take precautions against the disease, according to government reports and a Health Ministry official.

The official, Jan Suchowiat, said that 50,000 brochures on AIDS were being printed "so practically every Polish doctor will have it." He said he did not have details on the cases reported in Czechoslovakia, but medical sources said at least one was fatal.

The government newspaper Zycie Warszawy said: "The unknown disease moved from the United States to Western Europe and is spreading East. So far, no Pole has been registered with symptoms of AIDS." But Mr. Suchowiat noted that the incubation period of the disease was long: in some cases it appears up to three years after contact.

Outpatient Care for Skin Diseases

BOSTON (UPI) — Hospitals are expanding dermatologic services to treat severe skin diseases such as psoriasis and even skin cancers on an outpatient basis. "Most of our patients are patients that used to have to be hospitalized," said Dr. Ernesto Gonzalez, chief of the ambulatory care unit at Massachusetts General Hospital.

Many of the patients go to such units for 2½ hours of treatment a day and then go back to work. Psoriasis, a noncontagious disease, causes overproduction of skin cells, resulting in piles of living and dead skin covered with silvery plaques that flake constantly.

Traces of 'Wild Men' Cited in China

BEIJING (AP) — A Chinese research institute claims there is new evidence of at least eight "wild men" roaming the forests of Hubei province. Known in Chinese as Ye Ren, the wild men have been described as being 10 feet (3 meters) tall, with tufts of red hair and five-toed feet.

Some say they have apelike heads, others claim they have bills, like giant ducks. In most accounts, they walk upright. Witnesses have never provided convincing photos or other proof. Areas where the wild men are said to roam are off limits to foreigners.

Li Jian, secretary-general of an institute devoted to the search in Wuhan, Hubei's capital, said in a newspaper article that researchers recently examined "hairs of eight kinds of red-haired wild men" and concluded that eight of the creatures exist in Hubei, in central China.

Acupuncture Method Called Placebo

CHICAGO (Reuters) — Auriculotherapy, an acupuncture technique widely believed to ease body pain by stimulating areas of the outer ear with electrified needles, does not work, according to two psychologists at McGill University in Montreal.

Ronald Melzack and Joel Katz, writing in the Journal of the American Medical Association, said their study provided a striking demonstration of the placebo effect — that a worthless therapy appears to work simply because the patient is led to believe it will.

The two said they studied 36 patients with long-term pain. They found that the patients tended to feel better regardless of whether the proper part of the ear was stimulated or electricity was actually used.

Looking at Shadows in Silicon Valley

By Robert Reinhold
New York Times Service

MOUNTAIN VIEW, California — Engineers, businessmen and financiers come and go around here, talking of RAMS and PROMS, windows and wafers, money and more money. But in a cluttered office in the middle of it all, at least one man wonders whether semiconductors are all good.

He is Lenny Siegel, 35, professed computer hacker, college dropout, veteran of the anti-war movement and the resident gadfly in the area known as Silicon Valley.

"This is a very exciting place to be — everything is interesting and new," he said. "But people assume just because a product is making money it's good. We believe there is enormous potential in the new technology, but a great many risks, too. We point them out in the hope society will minimize them."

Along with a small group of volunteers, Mr. Siegel makes a modest living trying to call attention to what he sees as the dark side of computer technology: its use in warfare, pollution from the plants, invasion of privacy, widening of class differences, poor working conditions in the industry.

Mr. Siegel is director of the Pacific Studies Center, from which he runs what he calls the "Global Electronics Information Project." It has a paid staff of one, Leonard M. Siegel.

To promote his views he puts out a monthly newsletter and a quarterly Pacific Research, which actually comes out about yearly. He is also writing a book with John Markoff of Byte Magazine, to be published by Bessie Books in New York, a Harper & Row imprint. The working title is "Where the Chips May Fall."

While it is hard to judge Mr. Siegel's impact on the computer industry with any precision, many in the industry regard him as a responsible and factual critic. He relies largely on material that is already publicly available, which he synthesizes and analyzes. Many in the industry, particularly middle-level executives, are sympathetic to some of his points of view.

He maintains large files of published information related to the computer industry, which he makes available free to reporters, scholars and others doing research on Silicon Valley.

Mr. Siegel began his anti-career in electronics as a physics major at Stanford University. He was suspended in 1969 for invading a trustees' meeting to protest Stanford's "role in the Indochina war." He could have gone back, but did not see the point.

He operates on a budget of about \$40,000 a year, raised from foundations, church groups, subscriptions and free-lance writing. He says that "we are not supported by the leadership of industry," but his board includes an executive of a major Silicon Valley company and various engineers and programmers.

Indeed, he argues that many of the entrepreneurs who developed personal computers were 1960s "lefties" who hoped to loosen the grip of those who controlled centralized mainframe computers.

His targets are often the narrow corridor between Palo Alto and San Jose. "Most people think of electronics as clean and light, but it's very dirty," he said, referring to recent disclosures that chemical leaks from the plants were polluting local water.

He acknowledged that the plants were moving to remedy that, but added, "Industry moved to solve the problem because they cannot recruit scientists and engineers if the water is polluted."

He maintains that Silicon Valley is being divided into two classes of workers: the largely white, upper middle class men who are the scientists and engineers on the one hand, and the mostly female and minority workers on the production lines.

Unions have been notably unsuccessful in organizing Silicon Valley workers. Mr. Siegel said that the rapid turnover in the industry made it difficult.

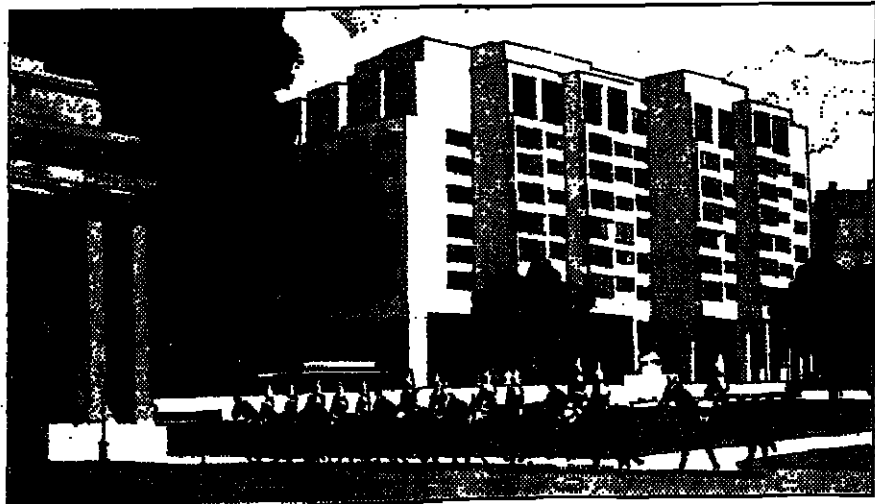
He foresees a crash in the computer industry brought on by overestimation of the demand for personal computers and excessive competition spurred by a "glut" of venture capital.

"Much, but clearly not all, of the industrial ferment in Silicon Valley today represents industrial game-playing, not product innovation," he wrote in his November newsletter. "The game is simple: start a company with the help of some venture capitalists; make profit for a short time; and go public and count your money, letting the new owners worry about the company's long-term health."

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THURSDAY, MARCH 1, 1984

WALL STREET WATCH

Adviser Granville Sounds
A Lot Like Growing Bear

By EDWARD ROHRBACH

International Herald Tribune

Ever since the rack and other forms of torture were outlawed by the Geneva Convention, the stock market with its customary relish has taken up the slack. To really stretch the point, if trends of the last eight weeks continue, the Dow average will be down to 100 by Christmas.

Not even Joseph Granville is that pessimistic about Wall Street, but the recent plunge has brought the bear out of hibernation. Back from a lengthy trip to South Africa, he's growing words like "panic" and "crash."

"My historical and technical studies show more similarities now with 1929 than anytime in the stock market since then," he asserted. "I see a major crash coming."

He said the market's bounce back up 30 points on Friday and 15 more on Monday before falling again "parallels" the market action in the first week of October 1929.

"That would put us three weeks ahead of the great crash. No cycles are exactly alike, of course, but I'm waiting for the news — a major financial scandal, Third World debt default or whatever — that will inevitably come to rationalize the plunge."

Mr. Granville, who could move the market by his pronouncements until steadily disbelieving that stocks had bottomed out in the summer of 1982 — leaving subscribers to his popular advisory letter out of Wall Street's 50-percent rally — sees the exact reverse of that sharp upswing happening now.

"This is not a correction in an ongoing bull market," he said. "We're in a bear market, proven by the fact most stocks peaked out in the spring of 1983. I was wrong for five months but have been right since."

It is argument is that wrong predictions about a market bottom only cost investors profits. Missing a top means loss of capital, he said. "Market forecasters who missed the 1928 bottom on Wall Street are forgotten; it's the ones who missed the 1929 top who will never be forgotten."

To get a better picture of what Mr. Granville is saying, he recommended that investors hold a chart of Wall Street's activity since August 1982 upside down to a mirror — but not while shaving.

He believes that stocks topped out at their 1,287 high of last November and failure to penetrate that level four days in a row in early January proved the market's "upside exhaustion." He pointed out the action of Merrill Lynch as a bellwether stock, a stock that burned out. He noted that after splitting two for one at the end of June it has lost half its value.

"It is extremely likely that between now and April 1 the market can drop below 1,000," he declared, comparing the present downturn to Wall Street in January-March of 1973, the start of a bear market. "That decline occurred against the backdrop of what were record high corporate earnings," he recalled.

After the "panic and crash" just ahead, Mr. Granville predicts a "turnaround period" lasting from May through October that will also fail to achieve new highs. Then following the U.S. presidential election he sees a "severe slide" through the spring of 1985 tumbling the Dow average "possibly below 600."

Appropriately, he cited 13 "areas of phenomenon" that hit all-time highs in 1983 and show that "people are always blinded by optimism and greed at the top." They are: new issue activity, investment in low-price stocks, stock splits, mutual-fund resurgence, pension-fund activity, hiring of new brokers, new market letters, secondary distributions, insider selling, margin debt, low level of mutual fund liquidity, mergers and acquisitions activity and the greatest number of people ever setting themselves up in money management.

Mr. Granville sees Wall Street's plunge of "worldwide significance" affecting all the other stock exchanges even more adversely. Most of the funds will go into gold and silver, he said.

Nis Bruun, manager of foreign investments at Hamburg's Veritas and Westbank, disagrees that Wall Street is in a bear market. "It's a bull market whose second leg up can begin when the remaining speculative excesses are wrung out."

He expects this process to continue over the next five to six weeks. At that point with the market worked down to the 1,050 to 1,080 level, the bank's current "low-profile" policy toward Wall Street would switch to "fully invested."

Mr. Bruun said a selling program of American stocks was (Continued on Page 11, Col. 5)

Market failure to
set record in January
'upside exhaustion'Volcker
Sees Threat
Of InflationRisks Perceived
In Fast Growth

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. economy cannot grow at a 6- to 7-percent annual rate for long without eventual pressures on the inflation rate, the Federal Reserve Board chairman, Paul A. Volcker, warned Wednesday.

Mr. Volcker, speaking before the Senate Budget Committee, was referring to the announcement that the government's main indicator of economic performance had jumped 1.1 percent.

His statements came amid reports that economic growth in the first part of this year might be even higher than the 4.9 percent increase reported in last year's gross national product. The Budget Committee's Republican chairman, Pete V. Domenici of New Mexico, said Wednesday's announcement on the economic indicator was a sign that first-quarter growth would be 6 percent.

"If it is, it can't grow at 6 to 7 percent for very long," Mr. Volcker said.

Mr. Volcker indicated that he foresaw little chance of a return to the recession that ended in late 1982. But, he added, "It's not a satisfactory kind of recovery."

"There are a lot of things that go on in the economy that aren't very helpful," he said. "And the risks of those things I think multiply as time passes."

"As the risks multiply, the danger is in several directions. We get the risk of violent exchange rate movements, inflationary pressures, financial pressures that lead to unemployment and further undermine prospects for investment," Mr. Volcker said.

For example, he told the panel the deteriorating position of U.S. industrial and farm products in world markets is already generating demands for subsidies, tax relief and protectionism. The high interest rates, he added, are producing requests for new programs to assist housing and construction.

Mr. Volcker also said that a failure to move toward cutting the federal budget deficits would bring a risk of higher interest rates while the economy is strong. Asked if he saw interest rates rising this summer, he said: "I think when the economy is exceptionally strong that risk exists."

Concern over the federal deficits is blamed for keeping interest rates high. The federal debt is approaching \$1.5 trillion, and President Ronald Reagan's fiscal 1985 budget deficit is expected to amount to \$180 billion.

Mr. Volcker said Congress must "seize the opportunity to take stronger and early positive action to reduce the deficit." He said cutting the deficit could encourage a decrease in interest rates.

Mr. Domenici replied that congressional action to reduce the deficit can only address a small portion of the problem, and called on Mr. Volcker to see that interest rates do not rise.

Mr. Volcker also said the Fed will not increase the growth of the nation's money supply. "By feeding the concerns about inflation, excessive monetary growth would, in the end, have a perverse influence on interest rates," he told the Budget Committee.

(Reuters, UPI)

Visicalc Partnership Ends in Tears

Computer Firms
Fight in Court
As Sales Fall

By Andrew Pollack

New York Times Service

NEW YORK — Once upon a time, when the personal computer industry was new, two young men met in a Cambridge, Massachusetts, greasy spoon restaurant at 3 or 4 A.M. to find a name for a new computer program. One wrote on a napkin — Visicalc.

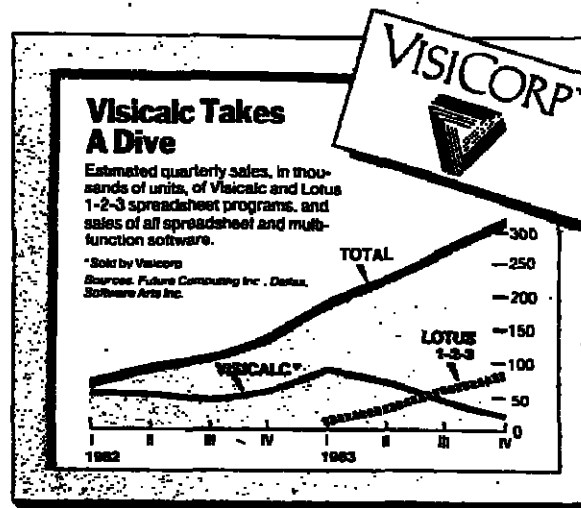
The name became one of the best known and the product, one of the best selling, in the personal computer industry. It is frequently credited as having done more than any other product to create the personal computer boom. Fane and fortune descended upon the young men and their companies — one developed the product and the other marketed it.

But they have not lived happily ever after. Instead, the two companies — Visicorp and Software Arts — are locked in what is undoubtedly the most bitter lawsuit the young personal computer software industry has seen. The fight is over who should control the rights to the program and which company is responsible for its rapid slip in sales over the last year.

Visicalc sales continue to plummet. Fewer than 5,700 units were sold last December, down from a peak of more than 39,000 just 11 months before. The two companies are in danger of becoming also-rans in the fast-growing industry.

The battle points to the dangers inherent in having one company create a program and the other "publish" it. Yet much of the software industry is still based upon this model of publisher and author. In addition, personality conflicts contributed to the inability of the two companies to do business.

"I think what happened is



The New York Times

that success overcame them," said another software industry executive who asked not to be identified. "They got bogged down in who would take credit for it. What's kind of ironic is that by arguing over the golden goose, in essence it's gone away."

The Visicalc story begins in 1978, with Daniel Bricklin sitting in classes at the Harvard Business School watching professors manipulate figures and having to recalculate many numbers if just one figure changed.

"During a lot of daydreaming, I wished I had this electronic blackboard," Mr. Bricklin recalled. Such an electronic blackboard would do all the calculations automatically when a number was changed.

That is the idea behind Visicalc, which became the first so-called spreadsheet program, a reference to the green ledger worksheets used by accountants. Mr. Bricklin was directed by a professor to a former Harvard Business School student, Daniel H. Fylstra, who was selling computer game programs out of his apartment in nearby Allston. Mr. Fylstra turned the program could be marketed.

Robert M. Frankston, a friend of Mr. Bricklin's from his undergraduate days at the Massachusetts Institute of Technol-

Economic Index
In U.S. Rises
A Strong 1.1%

By Martin Crutinger

The Associated Press

WASHINGTON — The government's main gauge of future economic performance rose a strong 1.1 percent in January, the Commerce Department said Wednesday.

But the department cautioned that the latest report may have overstated the pace of economic growth.

The forecasting gauge, the Index of Leading Economic Indicators, is a compilation of a dozen forward-pointing statistics.

The 1.1 percent rise was the best since a 1.4-percent increase in October and was the 16th increase in the past 17 months.

However, after the increase dipped in November and posted only a slight jump in December, many economists said the recovery would slow dramatically in 1984.

But the strong increase in January followed a string of bright economic reports released in recent weeks which showed that the nation's recovery from the 1981-82 recession is continuing unabated.

The presidential spokesman, Larry M. Speakes, said Wednesday, "It's clear that the recovery is strong. The leading indicators show we should have hearty economic growth in the months ahead."

"In summary," he said, "the economy is good and getting better. We are moving steadily toward a period of economic expansion."

But Commerce Secretary Malcolm Baldrige said there were several indications the big January increase overstated "the moderate upward trend of the index."

He said the modest rise in stock market prices in January was followed by a substantial decline in February, which will show up in next month's report on the index, when other components are also likely to decline.

Mr. Baldrige said the average monthly increase in the index of 0.6 percent during the second half of 1983 is "consistent with the moderate economic growth currently projected for 1984."

Mr. Speakes's statement did not mention the U.S. trade deficit, which looms as a dark cloud on the horizon. The Commerce Department reported Wednesday that the deficit hit a record \$9.5 billion in January.

Mr. Baldrige said that the increases in nonoil imports "will push the trade deficit to over \$100 billion this year."

The forecasting index showed gains in six of the 10 indicators which were available for January. There were rises in the average workweek, a decline in the number of new weekly unemployment claims filed, an increase in manufacturers' orders for goods, in orders for plant construction and heavy equipment, in building permits and stock market prices.

Four of the 10 indicators that decreased included the length of time companies must wait for deliveries from their suppliers, the number of new businesses being formed, the price of certain sensitive raw materials and the money supply. Of these, the Commerce Department said, the total of new business formed contributed the most to holding down the index.

The report revised the change in December's index to a 0.1 percent rise, from a 0.6 percent increase. It said the decline in November was 0.1 percent rather than the previously reported 0.2 percent decline.

The index generally predicts changes in the economy three to nine months hence. Beginning in September 1982, the index signaled the coming recovery with large monthly increases, as high as 3.1 percent last January. Smaller rises since last July were a signal of the slower growth in the economy that began last fall.

The index now stands at 164.7 percent of its 1967 base of 100.

U.S. Trade Deficit Widens to Record \$9.5 Billion

By Denis G. Gullino

United Press International

WASHINGTON — The U.S. merchandise trade deficit grew to \$9.5 billion in January, more than \$1 billion larger than any previous month as the nation's appetite for imported goods set a record, the government said Wednesday.

The figures suggested that 1984 would be the toughest year yet for U.S. companies that compete with imports and that the trade deficit would end the year above \$100 billion. That would compare with the \$69.4 billion deficit posted in 1983, the worst on record and 62 percent higher than 1982's deficit.

In addition, the deterioration in trade figures could accelerate the weakening of the dollar, slowing foreign investment and putting upward pressure on domestic interest rates.

January's deficit figure was 13 percent higher than the previous highest monthly deficit of \$8.4 billion last October.

"We were bound to start up fast the way the economy was moving," a Commerce Department trade economist, David Lund, said after the figures were released. He said the size of January's deficit stemmed from the fact that the U.S. economy is still growing and

Dollar Declines After Trade Report

The Associated Press

LONDON — The dollar fell against most leading currencies Wednesday, dropping to its lowest level against the French franc in four months, following a government report of a record U.S. trade deficit in January. The price of gold edged lower.

U.S. interest rates are expected to remain high this year, something that in the past three years has made returns attractive on dollar-denominated investments. But analysts say traders now are worried about the factors that are keeping rates high in the United States, huge federal deficits and growing expectations of a rise in inflation.

"Euphoria about the dollar seems to be waning and many market participants are beginning to argue that high U.S. interest rates are basically reflecting a dollar weakness, rather than a dollar strength," said one dealer in Frankfurt.

The dollar fell below 8 French francs for the first time since Oct. 28, when it was quoted at 7.9625 francs. In late trading in London, it slid to 7.9845 francs from about 8.0275 Tuesday. In Frankfurt, the dollar was quoted at 2.593 Deutsche marks.

The demand for foreign goods shows no sign of slackening.

Imports totaled a record \$27.8 billion in January, up 13.7 percent from December. Export sales improved despite a \$637 million setback in aircraft business, with what Mr. Lund called "the nicest rise... in a long time." But the export improvement still looked anemic compared with imports, which grew 5.9 percent to \$18.3 billion.

The value of oil imports rose by 16.1 percent in January. "Oil rose primarily due to increased imports of product, fuel oil primarily," Mr. Lund said. Nonoil imports were up 15.9 percent to \$22.5 billion, a record for that category.

Imports of manufactured goods, including office machines, clothing, aircraft and machinery, reflected "sizeable increases."

The trade deficit with Western Europe was \$987 million during the month. The deficit with Japan alone was \$2.6 billion in January. Last year the deficit with Japan totaled a record \$21.7 billion.

The surplus in the trade of agricultural products grew to \$1.9 billion in January from December's \$1.7 billion yet remained below average levels in many past years.

The deficit in the trade of manufactured goods rose to \$6.65 billion in January from December's \$4.75 billion.

The month's improvement in exports "reflects the net effect of moderate increases in a variety of agricultural commodities, manufactured goods plus bituminous coal," the department said.

The deficit news "will put the skids under the dollar," a department analyst said. For while the trend was expected, the size of the increase in the deficit was something of a surprise.

It comes after Paul A. Volcker, the chairman of the Federal Reserve Board, warned Tuesday that the United States would be fortunate to see the inflow of capital sustained "for another year."

Such investment, drawn in part by high interest rates and the strong dollar, has been limiting the damage done by the huge amount of government borrowing.

France Cites Fall in Reserves

Reuters

PARIS — France's gold and currency reserves fell 266 million francs (\$33.2 million) to 429.76 billion francs in January, the Finance Ministry said Wednesday. This compared with reserves of 371.98 billion francs in January 1983.

NOTICE TO HOLDERS OF
ITO-YOKADO CO., LTD.

5% CONVERTIBLE DEBENTURES
DUE AUGUST 31, 1988
5% CONVERTIBLE DEBENTURES
DUE AUGUST 31, 1996

Pursuant to Section 3.04(1) of the Company's Indentures dated as of July 1, 1978 and July 1, 1981, respectively, relating to the above-mentioned Debentures, notice is hereby given as follows:

1. The Company has made a free distribution of shares of its Common Stock to shareholders of record as of February 29, 1984 in Japan, at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion prices at which the above-mentioned Debentures may be converted into shares of Common Stock of the Company have been adjusted effective as of March 1, 1984, Japan Time, from Yen 905.10 per share of Common Stock to Yen 825.50 per share of Common Stock for the 5% Convertible Debentures Due August 31, 1988 and from Yen 1,011.50 per share of Common Stock to Yen 919.50 per share of Common Stock for the 5% Convertible Debentures Due August 31, 1996.

ITO-YOKADO CO., LTD.
By: The Bank of Tokyo
Trust Company
as Trustee
Dated: March 1, 1984

CURRENCY RATES

Late interbank rates on Feb. 29, excluding fees.
Official fixings for Amsterdam, Brussels, Milan, Paris. New York rates at 2:00 pm EST.

	\$	DM	FF	Yen	DM	FF	Yen
Amsterdam	2.344	4.381	112.94	36.69	1.316	5.517	152.50
Brussels	2.312	4.345	112.94	36.69	1.316	5.517	152.50
Frankfurt	2.312	4.345	112.94	36.69	1.316	5.517	152.50
London	1.785	3.489	112.94	36.69	1.316	5.517	152.50
Madrid	1.628	3.241	112.94	36.69	1.316	5.517	152.50
Paris	1.628	3.241	112.94	36.69	1.316	5.517	152.50
Stockholm	2.312	4.345	112.94	36.69	1.316	5.517	152.50
Tokyo	2.312	4.345	112.94	36.69	1.316	5.517	152.50
Zurich	2.312	4.345	112.94	36.69	1.316	5.517	152.50
1 SCU	8.804	6.577	2.243	4.919	1.258	4.952	1.344
1 SDR	1.6812	3.7197	1.2749	3.7197	1.2749	3.7197	2.292

Dollar Values

	\$	DM	FF	Yen	\$	DM	FF	Yen
Bank of America	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Tokyo	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Europe	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of France	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Germany	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Italy	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Japan	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Korea	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of London	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Mexico	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of New York	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Paris	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Rome	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of San Francisco	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Seoul	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Singapore	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of South Africa	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Sweden	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Switzerland	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Taiwan	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Thailand	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Hong Kong	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of India	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Indonesia	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Korea	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Malaysia	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Philippines	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Singapore	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of South Africa	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Sweden	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Switzerland	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Taiwan	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Thailand	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of Hong Kong	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50
Bank of India	1.628	3.241	112.94	36.69	1.316	5.517	152.50	152.50

Only use these tags: `div`, `div`

NYSE Most Actives			
Symbol	Vol	High	Low
IBM	1,000,000	117 1/2	117 1/4
AT&T	1,000,000	48 1/2	48 1/4
GE	1,000,000	34 1/2	34 1/4
Merck	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4

Dow Jones Averages			
Index	High	Low	Close
Dow Jones Industrial	2,850.00	2,840.00	2,845.00
Dow Jones Transportation	1,100.00	1,090.00	1,095.00
Dow Jones Utility	1,100.00	1,090.00	1,095.00
Dow Jones Average	1,100.00	1,090.00	1,095.00

NYSE Index			
Index	High	Low	Close
NYSE Composite	2,850.00	2,840.00	2,845.00
NYSE Industrial	1,100.00	1,090.00	1,095.00
NYSE Transportation	1,100.00	1,090.00	1,095.00
NYSE Utility	1,100.00	1,090.00	1,095.00

Wednesday's NYSE Closing

Vol. of 3 p.m. 75,400,000
Prev. 3 p.m. Vol. 74,700,000
Prev. Consolidated Close 27,452.25
Tables include the nationwide prices
Up to the closing on Wall Street

AMEX Diaries			
Symbol	Vol	High	Low
IBM	1,000,000	117 1/2	117 1/4
AT&T	1,000,000	48 1/2	48 1/4
GE	1,000,000	34 1/2	34 1/4
Merck	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4

NASDAQ Index			
Index	High	Low	Close
NASDAQ Composite	1,100.00	1,090.00	1,095.00
NASDAQ Industrial	1,100.00	1,090.00	1,095.00
NASDAQ Transportation	1,100.00	1,090.00	1,095.00
NASDAQ Utility	1,100.00	1,090.00	1,095.00

AMEX Most Actives			
Symbol	Vol	High	Low
IBM	1,000,000	117 1/2	117 1/4
AT&T	1,000,000	48 1/2	48 1/4
GE	1,000,000	34 1/2	34 1/4
Merck	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4
Amgen	1,000,000	117 1/2	117 1/4

12 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

Symbol	Vol	High	Low	Open	Close
IBM	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
AT&T	1,000,000	48 1/2	48 1/4	48 1/4	48 1/2
GE	1,000,000	34 1/2	34 1/4	34 1/4	34 1/2
Merck	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2

New York Stocks End Day Mixed

NEW YORK — New York Stock Exchange prices finished mixed Wednesday, as a lack of news kept the market in a narrow range.

Oil stocks were among the gainers, and analysts attributed that in part to rumors of potential takeover or merger bids.

The government also reported that its main business of future economic growth, as indicated by a survey of business confidence, was strong in January in another indication of the strength of the economic recovery. Analysts said some traders viewed this as a positive indication of future corporate earnings potential.

But concern about high interest rates continued to pressure stock prices in the absence of concrete action to curb the size of the federal budget deficit.

The market, which had risen sharply Monday only to fall by an even greater amount on Tuesday, has been buffeted by changing perceptions of whether Congress and the White House will agree on a way to cut the deficit.

Federal Reserve Chairman Paul A. Volcker called on Congress to reduce budget deficits quickly to avoid a risky "atmosphere of crisis in the financial markets and elsewhere." He told the Senate Budget Committee that the "risks arise mainly from our own actions or inactions."

12 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

Symbol	Vol	High	Low	Open	Close
IBM	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
AT&T	1,000,000	48 1/2	48 1/4	48 1/4	48 1/2
GE	1,000,000	34 1/2	34 1/4	34 1/4	34 1/2
Merck	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2

12 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

Symbol	Vol	High	Low	Open	Close
IBM	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
AT&T	1,000,000	48 1/2	48 1/4	48 1/4	48 1/2
GE	1,000,000	34 1/2	34 1/4	34 1/4	34 1/2
Merck	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2

12 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

Symbol	Vol	High	Low	Open	Close
IBM	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
AT&T	1,000,000	48 1/2	48 1/4	48 1/4	48 1/2
GE	1,000,000	34 1/2	34 1/4	34 1/4	34 1/2
Merck	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2

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12 Month High Low Stock Div. Yld. PE 52 Week High Low Open Close

Symbol	Vol	High	Low	Open	Close
IBM	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
AT&T	1,000,000	48 1/2	48 1/4	48 1/4	48 1/2
GE	1,000,000	34 1/2	34 1/4	34 1/4	34 1/2
Merck	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2
Amgen	1,000,000	117 1/2	117 1/4	117 1/4	117 1/2

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